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DEPARTMENT OF AUDITOR-CONTROLLER**

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November 19, 2007

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Michael D. Antonovich

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **JEWISH VOCATIONAL SERVICE CONTRACTS – A COMMUNITY AND
SENIOR SERVICES WORKFORCE INVESTMENT ACT PROGRAM
PROVIDER**

We have conducted a program, fiscal and administrative contract review of Jewish Vocational Service (JVS or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) program provider.

Background

CSS contracts with JVS, a private non-profit organization to provide and operate the WIA Adult, Dislocated Worker, Adult Special Needs and Youth Programs. The WIA Adult and Dislocated Worker Programs assist individuals obtain employment, retain their jobs and increase their earnings. The WIA Adult Special Needs Program is a comprehensive training and employment program limited to low-income adults 18 years or older, who face multiple barriers to employment. These individuals include the recovering drug addicts, homeless individuals and offenders. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. JVS's offices are located in the Third and Fifth Districts.

JVS is compensated on a cost reimbursement basis. JVS's contract was for \$460,954 for Fiscal Year 2006-07.

"To Enrich Lives Through Effective and Caring Service"

Purpose/Methodology

The purpose of the review was to determine whether JVS complied with its contract terms and appropriately accounted for and spent WIA funds in providing services to eligible participants. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

Results of Review

Overall, JVS provided the services outlined in their County contract. All 38 participants met the eligibility requirements for the WIA programs and the Agency maintained adequate controls over its business operations. However, JVS did not accurately report 11 (29%) of the 38 adult, dislocated worker, adult special needs and youth participants' program activities in the Job Training Automation (JTA) system. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities.

In addition, JVS did not maintain supporting documentation for four (14%) of the 28 participants sampled in the participants' case files. JVS also did not always provide the level of services required in the County contract. For example, JVS did not follow-up with a participant after they left the WIA program or administer a post-assessment exam within one year of a pre-assessment exam.

Details of our review along with recommendations for corrective action are attached.

Review of Report

We discussed our report with JVS and CSS on September 18, 2007. In their attached response, JVS concurred with our findings and recommendations. We will follow-up our recommendations during next year's monitoring review. We thank JVS for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC
Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia Banks, Director, Department of Community and Senior Services
Vivian Seigel, Chief Executive Officer, Jewish Vocational Service
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAMS
JEWISH VOCATIONAL SERVICE
FISCAL YEAR 2006-07**

ELIGIBILITY

Objective

Determine whether Jewish Vocational Service (JVS or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for 38 (47%) participants (10 adults, 10 dislocated workers, 8 adult special needs and 10 youths) from a total of 81 participants that received services between July 2006 and April 2007 for documentation to confirm their eligibility for the WIA programs.

Results

All 38 participants met the eligibility requirements for the WIA programs.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the program participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 38 (44%) participants that received services from July 2006 through April 2007. We also interviewed 17 adults, dislocated workers, adult special needs and youth participants/guardians.

Results

Adults, Dislocated Workers and Adult Special Needs Programs

The 13 participants interviewed stated that the services received met their expectations. However, JVS did not always provide the level of services required by the County contract. Specifically, JVS did not:

- Accurately report nine (32%) of the 28 participants' program activities in the Job Training Automation (JTA) system as required. Specifically, JVS did not use the correct code on the JTA system for six participants or report the services provided for three participants. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities. This finding was also noted in the prior year's monitoring report.
- Complete the Individual Employment Plan (IEP) for one (4%) of the 28 participants sampled as required by the WIA guidelines. The IEP is an on-going strategy, jointly developed by the participants and the case manager that identifies the clients' employment goals, achievement objectives and services needed to achieve their individual employment goals.
- Maintain supporting documentation, such as receipts, for four (14%) of the 28 participants sampled in the participants' case files. This finding was also noted in the prior year's monitoring report.
- Follow up as required by the WIA guidelines for one (4%) of the 28 participants sampled after the participant left the WIA program.

Youth Program

The four participants/guardians interviewed stated that the services the participants received met their expectations. However, JVS did not always provide the level of services required by the County contract. Specifically, JVS did not:

- Administer the post-assessment exam for one (10%) of the ten youth participants sampled within one year of the pre-assessment exam. WIA guidelines require that a post-assessment be administered within one year of the pre-assessment exam if the participant was deemed to be basic skills deficient.
- Report the program activities for two (20%) of the ten youth participants sampled into the JTA system.

Recommendations**JVS management:**

1. Ensure that staff accurately update the Job Training Automation system to reflect the participants' program activities within 30 days as required.
2. Ensure that staff complete the participants' Individual Employment Plan.
3. Maintain appropriate supporting documentation for the program services provided in the participants' case files.
4. Ensure that staff follow-up with exited participants on a quarterly basis as required by WIA guidelines.
5. Administer the post-assessment within one year of the pre-assessment if the participant is deemed to be basic skills deficient.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. Determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's February 2007 bank reconciliation.

Results

JVS maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and other documentation to support 193 (40%) of the 479 non-payroll expenditures transactions billed by the Agency for July and November 2007, totaling \$26,134.

Results

Generally, JVS's expenditures were accurately billed to Community and Senior Services (CSS) and supported by documentation. However, JVS inappropriately billed CSS \$272 for business cards for a non-WIA employee in November 2006.

Recommendations**JVS management:**

6. Repay CSS \$272.
7. Bill CSS for actual WIA related expenditures.

INTERNAL CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Generally, JVS maintained sufficient internal controls over its business operations. However, JVS's accounting policy did not require staff to obtain two signatures on all

checks as required by the County contract. Subsequent to our review, JVS revised its accounting policy to comply with County contract requirements.

Recommendation

8. JVS management distribute and ensure that staff comply with the revised policy to require two signatures on all checks.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether the Agency's fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are adequately safeguarded.

Verification

We conducted a physical inventory of 22 (81%) of the 27 items funded by the WIA programs, totaling \$13,918.

Results

JVS used the equipment purchased with WIA funding for the WIA program and the items were appropriately safeguarded.

Recommendation

There are no recommendations for this section.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll is appropriately charged to the WIA programs. In addition, determine whether personnel files are maintained as required.

Verification

We traced payroll expenditures for 11 employees for January 2007 totaling \$16,905 to the payroll records and time reports. We also interviewed one employee and reviewed the personnel files for five employees assigned to the WIA programs.

Results

JVS appropriately charged payroll expenditures to the WIA programs. In addition, JVS's personnel files were maintained as required.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN**Objective**

Determine whether JVS's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

Verification

We reviewed JVS's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency during July and November 2006 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

JVS's Cost Allocation Plan was prepared in compliance with the County contract and expenditures were appropriately allocated.

Recommendation

There are no recommendations in this section.

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's Fiscal Year (FY) 2005-06 final close-out invoices reconciled to the Agency's financial accounting records.

Verification

We traced the Agency's FY 2005-06 general ledger to the Agency's final close-out invoice for FY 2005-06. The close-out invoice summarizes the total program expenditures for the fiscal year. We also reviewed a sample of expenditures incurred in May and June of 2006.

Results

JVS's final close-out invoice reconciled to the Agency's financial records.

Recommendation

There are no recommendations for this section.

PRIOR YEAR FOLLOW-UP**Objective**

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

We verified whether the outstanding recommendations from FY 2005-06 monitoring review were implemented. The report was issued on March 28, 2007.

Results

The prior year's monitoring report contained 11 recommendations. JVS implemented eight recommendations. As previously indicated, the findings related to Recommendations 1 and 3 contained in this report were also noted during our prior monitoring review. The remaining recommendation required the Agency to implement the outstanding recommendations from the FY 2004-05 monitoring report. JVS management indicated that the outstanding recommendations would be implemented and resolved with CSS in FY 2007-08.

Recommendations

9. JVS management implement the outstanding recommendations from FY 2004-05 and FY 2005-06 monitoring reports.
10. CSS management work with the Agency to resolve all outstanding recommendations.



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October 10, 2007

J. Tyler McCauley, Auditor-Controller
Department of Auditor-Controller
Countywide Contract Monitoring Division
1000 S. Fremont Avenue, Suite #51
Alhambra, CA 91803
Attention: Yoon Bae

Subject: Jewish Vocational Service Contracts – A Workforce Investment Act Program Provider

Thank you for your most recent correspondence dated September 2007. Following are the JVS responses to your audit recommendations.

1. Recommendation

Ensure that staff accurately update the JTA system to reflect the participants' program activities within 30 days as required.

JVS Response

JVS concurs and generally completes the entry into the JTA system within 30 days. There were instances, however, when the system would not accept the data and for those anomalies, JVS will document and narrate the error reports in the respective client files.

2. Recommendation

Ensure that staff complete the participants' IEP.

JVS Response

JVS concurs and completes the IEP for all clients receiving intensive services. In order to ensure that all functions are documented, a checklist has been devised that requires sign off on the IEP, the case note narrative and the MIS forms for JTA data entry. The JTA data entry is verified by a stamped date on the form.

3. Recommendation

Maintain appropriate supporting documentation for the program services provided in the participants' case files.

JVS Response

JVS concurs, however, if services are provided by a leveraged supportive service, JVS may not always have access to receipts or other documentation as they are the property of the other agency. For all services provided directly by JVS WIA funds, a checklist has been devised to ensure that entries are made for collection of documentation, entry into the JTA system, and case narration.

4. Recommendation

Ensure that staff follow-up with exited participants on a quarterly basis as required by the WIA guidelines

JVS Response

JVS concurs and has a system to contact clients within the quarterly time framework. It is only when staff are unable to make a connection with a client due to non-responsiveness, relocation or other personal issues, that we are unable to document the quarterly follow-up. As soon as possible after verifying the contact, staff enters the information into the JTA system.

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5. Recommendation

Administer the post-assessment within one year of the pre-assessment if the participant is deemed to be basic skills deficient.

JVS Response

JVS concurs, however, the one Youth who did make himself available for the post assessment on a timely basis is missing in action, and this is indicative of the behavior of high risk youth. JVS Youth staff continually avail themselves of staff development opportunities to enhance skills in improving Youth responsiveness.

6. Recommendation

Repay DCSS \$272.

JVS Response

This was a clerical error whereby supplies were allocated to a non-WIA program. JVS will repay DCSS \$272.00. Controls have been implemented in data entry to mitigate future errors.

7. Recommendation

Bill DCSS for actual WIA related expenses.

JVS Response

Management concurs and bills DCSS for actual WIA related expenses.

8. Recommendation

JVS management distribute and ensure that staff comply with the revised policy.

JVS Response

The agency has updated its policy to comply with the AC Handbook requiring two signatures on all checks. The Auditor Controller was given a copy of the policy at the exit interview. Company practice is to have two signatures and now the policy reflects the practice. It is important to note that although the policy stated one signature required for checks under \$1,000, the policy also required at least two approvals on all check requests. A check cannot be signed without two approvals. The agency feels internal controls are strong, but has changed the policy to require 2 signatures on all checks for county expenditures to comply with the contract.

9, 10. Recommendation

CPC management implement the outstanding recommendation from 05-06 report and 04-05 reports.

JVS Response

The outstanding recommendations were program related and these have been implemented.

Should you have further questions, please don't hesitate to contact me.

Sincerely, .

Angie Cooper
Angie Cooper, Director
Jewish Vocational Service

Cc: Christina Eddy
Claudia Finkel
Vivian Selgel

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